

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: W.R. GRACE & CO., <i>et al.</i>, Debtors.	§ § § § § §	Chapter 11 Jointly Administered Case No. 01-01139 (KJC)
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**FEE AUDITOR'S FINAL REPORT REGARDING THE SEVENTEENTH¹
QUARTERLY FEE APPLICATION OF SAUL EWING LLP FOR THE
PERIOD FROM APRIL 1, 2013 THROUGH JUNE 30, 2013**

This is the final report of Warren H. Smith & Associates, P.C., acting in its capacity as fee auditor in the above-captioned bankruptcy proceedings, regarding the Seventeenth Quarterly Fee Application of Saul Ewing LLP for the Period from April 1, 2013, through June 30, 2013 (the "Application").

BACKGROUND

1. Saul Ewing LLP ("Saul Ewing") was retained as co-counsel to the Official Committee of Equity Holders. In the Application, Saul Ewing seeks approval of fees totaling \$32,701.50 and expenses totaling \$630.12 for its services from April 1, 2013, through June 30, 2013 (the "Application Period").

2. In conducting this audit and reaching the conclusions and recommendations contained herein, we reviewed in detail the Application in its entirety, including each of the time and expense entries included in the exhibits to the Application, for compliance with 11 U.S.C. § 330,

¹Although this is the seventeenth quarterly fee application which Saul Ewing has filed in the case, it covers the period of April through June 2013 which is the Forty-Ninth Interim Application Period.

Local Rule 2016-2 of the Local Rules of the United States Bankruptcy Court for the District of Delaware, Amended Effective February 1, 2013, and the United States Trustee Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330, Issued January 30, 1996 (the "Guidelines"), as well as for consistency with precedent established in the United States Bankruptcy Court for the District of Delaware, the United States District Court for the District of Delaware, and the Third Circuit Court of Appeals. We served an initial report on Saul Ewing based upon our review, and we received a response from Saul Ewing, portions of which response are quoted herein.

DISCUSSION

3. We noted that during the current Application Period, Saul Ewing billed 15.30 hours, for total fees of \$4,166.50, on matters pertaining to its fee applications. The fees billed for fee application preparation comprised approximately 12.7% of the total fees sought by Saul Ewing during the current Application Period. We noted also that, on a cumulative basis, the fees billed for fee application preparation comprise 7.7% of the total fees sought by Saul Ewing for all periods during which Saul Ewing has been an applicant.² Although the Court has not set a defined limit on fees for fee application preparation in this case, such fees must still be reasonable under Section 330 of the Bankruptcy Code. A number of courts have established 5% of the total fees billed as a guideline for reasonableness of such fees. For the current Application Period, the fees requested for fee application preparation exceed 5% by \$1,635.07. We understand that Saul Ewing's application

²We calculate Saul Ewing's cumulative fees for fee application preparation at \$50,459.85. (This amount takes into account a \$1,908.00 reduction in fees on this issue in the Thirty-Fifth Interim Period plus the amount of \$3,900.15 by which Saul Ewing exceeded the 5% threshold during the Thirty-Sixth Interim Period.) Saul Ewing's cumulative fees overall through June 2013 total \$648,645.50. $\$50,459.85 \div \$648,645.50 = 0.077$.

was relatively small this quarter and that Saul Ewing's cumulative fees have been less than most of the applicants who are still active in the case. We also note that Saul Ewing utilized the services of one of its paralegals for 83% of the time spent on fee application preparation during the current period, thereby contributing to the efficiency of its fee application preparation. We asked Saul Ewing to explain any other factors which would support the reasonableness of its fees for fee application preparation. Saul Ewing responded:

Saul Ewing works closely with Kramer Levin to avoid any duplication of efforts. In general, Kramer Levin handles hearings and other matters, and Saul Ewing assists more with ministerial tasks, filing, and other Delaware centric activities. Because of this efficient division of labor, Kramer Levin performs more substantive tasks, and Saul Ewing keeps its fees to a minimum, but ends up performing more of the ministerial tasks. Because Saul Ewing keeps its fees down on other areas of the case, the percentage of time it spends on the fee application process, preparation, review and filing results in slightly higher than 5 percent of total requested fees, on a strictly percentage basis.

Said differently, because the denominator of the percentage calculation--Total Saul Ewing fees --is lower, the numerator -- constituting fee application category time -- ends up being a larger proportion, although still not excessive in absolute dollars.

I can also add that I will endeavor to make sure that future fee apps have the fee preparation time at less than or equal to five percent going forward.

We appreciate Saul Ewing's response and its willingness to cap its fee application preparation fees at 5% going forward. We will continue to monitor this issue, but for the current Application Period, we recommend no reductions in fees.

4. We noted the following time entry which appeared to include non-working travel time:

06/17/13	TKD	Travel to court , attend Third Circuit arguments; travel back	6.5	4,225.00
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Pursuant to Local Rule 2016-2(d)(viii): "Travel time during which no work is performed shall be separately described and may be billed at no more than 50% of regular hourly rates." We asked Saul Ewing whether this time had been discounted by 50%, and Saul Ewing responded:

That time entry should have been separately described as follows:

Non working travel to and from court: 1.5 hour (discounted by 50 percent)

Attend Third Circuit Argument 3.5


We accept Saul Ewing's response and, consistent with same, recommend a reduction of \$975.00³ in fees.

CONCLUSION

5. Thus, we recommend approval of \$31,726.50 in fees (\$32,701.50 minus \$975.00) and \$630.12 in expenses for Saul Ewing's services for the Application Period.

Respectfully submitted,

WARREN H. SMITH & ASSOCIATES, P.C.

By: 
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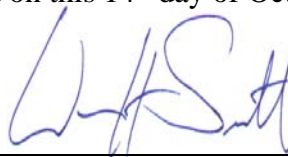
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FEE AUDITOR

³1.50 hours at \$650.00 per hour equals \$975.00.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing document has been served by First Class United States mail to the attached service list on this 14th day of October, 2013.



Warren H. Smith

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